

## Message Text

CONFIDENTIAL

PAGE 01 BEIRUT 06728 141345Z

47

ACTION IO-14

INFO OCT-01 NEA-14 ISO-00 SS-20 SR-02 ORM-03 AID-20 SCA-01

ABF-01 SP-03 OMB-01 NSC-07 L-03 TRSE-00 SSO-00

CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 NSCE-00 IOE-00

DRC-01 /102 W

----- 025348

O R 141308Z JUN 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC IMMEDIATE 8395

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY JIDDA IMMEDIATE

USINT DAMASCUS IMMEDIATE

C O N F I D E N T I A L BEIRUT 6728

FOR SECRETARY'S PARTY FOR ATHERTON

E.O. 11652: GDS

TAGS: EAID, SREF, UNRWA, XF, EG, IS, JD, LE, EY

SUBJECT: UNRWA FINANCES

REF: STATE 126800

1. WE DISCUSSED POSSIBLE EMERGENCY CONTRIBUTION WITH UNRWA COMMISSIONER GENERAL RENNIE JUNE 14. RENNIE MOST GRATEFUL DEPT'S EFFORTS BUT FOR SEVERAL REASONS BELIEVES ESTABLISHMENT SPEICAL FUND UNDER SUCH CIRCUMSTANCES COULD NOT BE ACCEPTED. HE WONDERED WHAT PAST UNRWA PRACTICE CONCERNING ESTABLISHMENT SPECIAL FUND DEPT HAD IN MIND IN FIRST SENTENCE PARA B REFTTEL AND WOULD APPRECIATE DEPT'S COMMENTS.

2. RENNIES'S PROBLEM IS BASICALLY THAT OCTOBER WAR DID NOT ADD SUBSTANTIALLY TO UNRWA'S COST AND HE HAS SO STATED PUBLICLY. UNRWA'S PRESENT DESPERATE FINANCIAL  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BEIRUT 06728 141345Z

POSITION WOULD BE THE SAME WHETHER OCTOBER WAR TOOK

PLACE OR NOT. ANY FUND WHICH UNRWA ESTABLISHED WOULD BE ACCORDNG UN REGULATIONS SUBJECT TO EXTERNAL AUDIT. CONSEQUENTLY, ACCORDING SIR JOHN, EXTREMELY DIFFICULT TO ESTABLISH SPEICAL FUND BASED ON "MEETING EMERGENCY RESULTING FROM OCTOBER WAR AND ITS AFTERMATH." FOR SAME REASON, IT WOULD BE ALMOST IMPOSSIBLE TO ALLOCATE FUNDS TO MEET EXPENDITURES RELATED TO OCTOBER WAR OR ITS AFTERMATH AS SUCH EXPENDITURES BE DIFFICULT IDENTIFY. SECONDLY, DIFFICULT FOR UNRWA ESTABLISH SPECIAL FUND EXCEPT FOR SPECIFIC PURPOSE SUCH AS SCHOLARSHIP FUND, ETC. AND THEY HAVE NO SUCH REQUIREMENT FOR \$4 MILLION WHICH THEY NEED FOR GENERAL EXPENDITURES.

3. WE HAD LONG CONVERSATION WITH COMMISSIONER, HIS DEPUTY AND CONTROLLER. THEY FULLY UNDERSTAND LEGISLATIVE PROBLEMS WHICH DEPT FACES IN FINDING FUNDS AT THIS TIME. AFTER LONG DISCUSSION IN WHICH EFFORT MADE TO FIND SOME FORMULA WITH WHICH THEY COULD LIVE, SIR JOHN RELUCTANTLY CONCLUDED ESTABLISHMENT OF SUCH A FUND NOT PRACTICABLE RESPONSE THEIR NEEDS.

4. THEY OF COURSE DESPERATELY WANT ADDITIONAL FUNDS AND WONDER IF THERE IS ANY BROADER FRAMEWORK ON THE BASIS OF WHICH FUNDS COULD BE ALOCATED TO THEM. FOR EXAMPLE, WOULD LEGISLATIVE REQUIREMENTS BE MADE IF THEY SIMPLY CERTIFIED TO USE OF FUNDS UNDER SOME BROAD FRAMEWORK SUCH AS FLLOWS: "THESE FUNDS ARE MADE AVAILABLE TO UNRWA ON UNDERSTANDING THAT THEY WILL BE SPECIFICALLY EARMARKED TO MEET CONSEQUENCES ARISING FROM THE OCTOBER WAR. ONE OF THE PRINCIPAL CONSEQUENCES OF THAT WAR WAS THE EXACERBATION OF TENSIONS IN THE MIDDLE EAST. THUS THE CRITERION ESTABLISHED FOR THE USE OF THE SPECIAL CONTRIBUTION WOULD BE SATISFIED IF UNRWA USED THE FUNDS TO MAINTAIN ITS SERVICES TO PALESTINIAN REFUGEES IN THE FORM OF RATIONS, EDUCATIONAL OR HEALTH CARE. MAINTENANCE OF SUCH SERVICES WOULD CONTRIBUTE TO THE REDUCTION OF TENSIONS IN THE AREA." SUCH FORMULA WOULD INVOLVE CERTIFICATION AND NOT ESTABLISHMENT OF FUND. WE POINTED OUT LANGUAGE OF CABLE WAS SPECIFIC AS TO THE LEGISLATIVE REQUIREMENT FOR USE OF FUNDS, BUT AGREED

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BEIRUT 06728 141345Z

QUERY DEPT RE SUCH FORMULA OR OTHER POSSIBLE FORMULAE. SEPTTEL OUTLINES PROJECTION UNRWA'S FINCANCIAL REQUIREMENT FY 75 AND 76.

5. SIR JOHN CONFIRMED THAT HE DID NOT INTEND TO CUT RATIONS AT LEAST BEFORE AUGUST 1. HE EXPLAINED THAT IN HIS LETTER TO HOST GOVERNMENTS HE HAD SIMPLY USED CUTTING RATIONS AS AN ILLUSTRATION OF TYPE OF ACTION WHICH WOULD

BE NECESSARY UNLESS FUNDS OR FIRM COMMITMENT FOR  
ADDITIONAL FUNDS OBTAINED SOON. HE ALSO MENTIONED  
THAT HE HAD BEEN UNDER PRESSURE NOT TO CUT RATIONS FOR  
THE MOMENT, NOT ONLY BY HOST GOVERNMENTS BUT ALSO BY UN  
SECRETARY GENERAL.

6. WOULD APPRECIATE ANY INFORMATION DEPT CAN GIVE US  
AS TO WHAT, IF ANY, LATITUDE DEPT HAS IN MEETING  
LEGISLATIVE REQUIREMENTS FOR USE OF POSSIBLE SPECIAL  
CONTRIBUTION TO UNRWA. WE WILL THEN PURSUE MATTER  
FURTHER WITH UNRWA. GODLEY

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL STABILITY, MEDICAL CARE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BEIRUT06728  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740154-0999  
**From:** BEIRUT  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740646/aaaabnbj.tel  
**Line Count:** 126  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION IO  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 126800  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14-Aug-2002 by boyleja>; APPROVED <19 FEB 2003 by izenbei0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UNRWA FINANCES  
**TAGS:** EAID, SREF, XF, EG, IS, JO, LE, UNRWA  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005